

REQUIRES MONITORING OR
STAFF ACTION NO

COMMISSION DIRECTIVE

ADMINISTRATIVE MATTERS	<input type="checkbox"/>	DATE	<u>March 22, 2005</u>
MOTOR CARRIER MATTERS	<input type="checkbox"/>	DOCKET NO.	<u>2004-212-S- -</u>
UTILITIES MATTERS	<input checked="" type="checkbox"/>	ORDER NO.	<u>-</u>

SUBJECT:

DOCKET NO. 2004-212-S – Development Service, Inc. – Application for approval of a new schedule of rates and charges for sewerage service provided to residential and commercial customers in all areas served. Discuss with the Commission receipt of a Petition for Rehearing and/or For Reconsideration and Motion for Clarification filed by Shannon Bowyer Hudson, Esquire on behalf of Office of Regulatory Staff and Scott Elliott, Esquire, on behalf of the Applicant.

COMMISSION ACTION:

The ORS alleges that the Commission erred in not requiring Development Service, Inc. (DSI) to post immediately a \$100,000 performance bond. Order No. 2005-42 requires DSI to post a \$100,000 performance bond by the completion of construction of the waste water treatment facility. ORS also alleges that it may be difficult to determine an actual date for completion of construction of the treatment facility. Based on testimony in the record, the Commission determined that DSI could not obtain immediately a \$100,000 performance bond. Thus, the Commission set the bonding requirement by the completion of construction of the treatment plant. Requiring DSI to post immediately a \$100,000 performance bond which it could not obtain could result in a shut down of the system. Currently, there are no alternative providers of sewer service for DSI customers. The Commission determined that a shut down of DSI's system would not be in the public interest. No evidence has been presented to change the Commission's determination concerning the ability of DSI to obtain a performance bond immediately or the harm to the public interest if the system were shut down. However, the Commission agrees with the ORS that the construction completion date is uncertain. Therefore, I move the Commission require DSI to post a \$100,000 performance bond by the earlier of one year from the date the Department of Health and Environmental Control (DHEC) issued DSI a construction permit for the treatment facility, which is November 29, 2005, or the date on which DSI applies to DHEC for final operational approval of the treatment facility.

The ORS has also petitioned for clarification of its audit responsibilities prior to DSI's implementation of Phase II rates. I move that:

1. The Company must certify to the Commission and to ORS that it has completed construction at Bush River Utilities, Inc., met all of the other requirements and that they are ready for audit.
2. The ORS should concentrate on the expenditures made for plant upgrades. We do not envision a re-creation of the whole case (audit of revenues, expenses, calculation of operating margin, etc.). ORS must determine whether the company has expended at least \$932,278 in plant upgrades and that the new plant is complete and in service.
3. ORS must certify that the bonding requirements have been met.
4. ORS must certify that the company is using the NARUC chart of accounts to ORS's satisfaction.
5. ORS must certify that the company is in compliance with all DHEC requirements.
6. ORS be given sixty (60) days to complete its audit and file a report with the Commission.

When ORS certifies to the Commission that the company has met all of the conditions of the Order No. 2005-42, Phase II rates can be placed into effect. Regardless of when DSI notifies the ORS to perform the audit, the ORS must certify that the bonding requirement has been met no later than November 29, 2005.

Motion on Development Service, Inc. (DSI) for Rehearing and/or Reconsideration of Order No. 2005-42

Development Service, Inc. alleges that the Commission erred in not including rental income of \$27,120 for equipment that DSI rents to Midlands Utility, Inc., a sister company. This equipment is currently allocated between DSI, Bush River Utilities, Inc., and Midlands Utility, Inc. based on usage and is included in rate base. Thus, DSI is recovering the cost of its equipment in rate base. In its decision, the Commission determined that rate-base recovery of this equipment is proper. No new evidence has been presented to change that decision. Thus, I move the Commission deny DSI's petition to include \$27,120 in revenue.

Also, DSI alleges the Commission erred in denying its request to increase its tap fee. The Commission determined that the record contained insufficient evidence to increase DSI's tap fee. No new evidence has been presented. Thus, I move the 'Commission deny DSI's petition to increase its tap fee.

PRESIDING	<u>Mitchell</u>					Session: Regular
	MOTION	YES	NO	OTHER		Time of Session <u>2:30 PM</u>
CLYBURN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>			APPROVED _____
FLEMING	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>			APPROVED STC 30 DAYS _____
HAMILTON	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Absent		ACCEPTED FOR FILING _____
HOWARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>			DENIED _____
MITCHELL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>			AMENDED _____
MOSELEY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>			TRANSFERRED _____
WRIGHT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			SUSPENDED _____
						CANCELED _____
						SET FOR HEARING _____
						ADVISED _____
						CARRIED OVER _____
						RECORDED BY <u>SCHMIEDING</u>